



## President Lech Kaczynski

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Tragedy struck Poland this weekend as a plane carrying President Lech Kaczynski and several other senior government officials crashed in Western Russia killing 96 people. The plane was on its way to Russia to commemorate the 70th anniversary of the massacre of thousands of Polish soldiers at the hands of what Russian President Vladimir Putin has recently described as the former Soviet Union's "totalitarian regime".

The massacre has long been a source of continued tension between Poland and Russia so it is eerily ironic that the visit to Russia, seen by many as a step towards re-building diplomatic relations, has resulted in the loss of so many more Polish lives.

Mr Kaczynski was due to contest a Presidential election in October this year however, opinion polls suggest that he would in all likelihood have suffered defeat at the hands of the Civic Platform candidate Bronislaw Komorowski. In the meantime, Mr Komorowski has taken over as interim President until an election is called and the outcome of this poll will be known within the next three months. As such, we believe that Mr Kaczynski's death has limited short term implications for political stability in Poland in that it just moves the election outcome several months closer.

Several other senior political figures also died in the plane crash including Slawomir Skrzypek, the Head of the Polish central bank. Mr Skrzypek was the only holdover from a ten person central bank committee that changed radically in February of this year. Early indications were that monetary policy momentum was continuing under the new team with inflation targeting the central objective of the central banks mandate. However, due to some technicalities of Polish law, a permanent successor is unlikely to be appointed in the near future. At the margin this leaves a small question mark over future interest rate decisions in the coming months as Mr Skrzypek was usually one of the more dovish members. However, Rexiter sees little risk to the central banks ongoing credibility following Mr Skrzypek's death.

Although tragic for the friends and family of those lost, the robust macro-economic environment and strong credibility of Poland's domestic institutions should ensure that investor sentiment towards the country remains bullish. Trading in Polish assets today has been largely unaffected by the crisis and the longer term implications are also very limited.